

November 30, 1995

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: DA 88-2055 BOC Payphone CPE; RM 8181 Inmate Payphone CPE; CC 91-35
Pay Telephone Compensation; CC 92-77 Billed Party Preference

Yesterday, James B. Hawkins, President, BellSouth Public Communications, David H. Cockcroft, Director of Regulatory Strategy, Bell South Public Communications, Cheryl D. Mellon, Staff Manager, Regulatory Policy and Planning, Bell South Telecommunications, Marylou Shockley, Vice President and General Manager, Public Communications, Pacific Bell, and I met with the following to discuss issues summarized in the attached documents: John Nakahata, Special Advisor, Office of Chairman Hundt; Lauren J. Belvin, Senior Legal Advisor, Office of Commissioner Quello; Todd Silbergeld, Special Advisor, Office of Commissioner Barrett; James L. Casserly, Senior Legal Advisor, Office of Commissioner Ness; Richard K. Welch, Legal Advisor, and Robert Haga, Intern, Office of Commissioner Chong; Mary Beth Richards, Deputy Chief and Anna Gomez, Counsel to Chief, Common Carrier Bureau; Robert W. Spangler, Deputy Chief, Michael Carowitz, Legal Advisor to the Chief, Thomas Wyatt, Chief, Formal Complaints Branch, Kurt Schroeder, Senior Attorney, Adrien R. Auger, Senior Attorney, and Anita Cheng, Attorney, Enforcement Division, Common Carrier Bureau; Brad Wimmer, Staff Attorney and Alan Alden Thomas, Staff Attorney, Network Services Division, Common Carrier Bureau; and Kevin Werbach, Staff Attorney, and Mindy Litell, Staff Attorney, Policy Division, Common Carrier Bureau. In addition, copies of the attached material are being sent today to Claudia Pabo, Special Counsel, Paul Gallant, Senior Attorney, David Sieradzki, Senior Attorney, Douglas L. Slotten, Senior Attorney, Mark Nadel, Senior Attorney, and Stuart Kupinsky, Attorney, Policy Division, Common Carrier Bureau.

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We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's rules. Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Gina Harrison
Director

Attachments

cc:	Adrien R. Auger	Lauren J. Belvin
	Michael Carowitz	James L. Casserly
	Anita Cheng	Paul Gallant
	Anna Gomez	Robert Haga
	Stuart Kupinsky	Mindy Litell
	Mark Nadel	John Nakahata
	Claudia Pabo	Mary Beth Richards
	Kurt Schroeder	David Sieradzki
	Todd Silbergeld	Douglas L. Slotten
	Robert W. Spangler	Alan Alden Thomas
	Richard K. Welch	Kevin Werbach
	Brad Wimmer	Thomas Wyatt
	Ben Almond	David Cockcroft
	James Hawkins	Cheryl Mellon
	Marylou Shockley	

BELLSOUTH AND PACIFIC BELL
EXPARTE
PAYPHONE ISSUES IN AN EVOLVING
COMPETITIVE ENVIRONMENT
NOVEMBER 29, 1995

PENDING PAYPHONE LEGISLATION
PAYPHONE ISSUES CURRENTLY UNDER CONSIDERATION
BY THE FCC
BELLSOUTH AND PACIFIC BELL RECOMMENDATIONS FOR
CREATING MARKET PARITY

PENDING PAYPHONE LEGISLATION

PAYPHONE PROVISIONS IN H.R. 1555 HAVE BROAD INDUSTRY SUPPORT, PROMOTE COMPETITION, AND BENEFIT THE PUBLIC INTEREST THROUGH:

- INDUSTRY DRIVEN REDUCTION OF END USER ABUSE (SLAMMING AND GOUGING).
- MAINTAINING WIDESPREAD AVAILABILITY OF PAYPHONES.
- STRENGTHENING OF UNITED STATES JOBS.

MAJOR PAYPHONE PROVISIONS IN H.R. 1555.

- NONSTRUCTURAL AND NONDISCRIMINATION SAFEGUARDS WILL BE ESTABLISHED TO PROHIBIT SUBSIDIZATION AND PREFERENTIAL TREATMENT OF RBOC PAYPHONE OPERATIONS.
- THE PAYPHONE ELEMENT OF THE CARRIER COMMON LINE (CCL) CHARGE WILL BE ELIMINATED AND REPLACED BY A PER-CALL COMPENSATION SYSTEM.
- RBOCS WILL BE ALLOWED TO PARTICIPATE IN SELECTION OF THE INTERLATA CARRIER FOR THEIR PAYPHONES.
- EQUITABLE FUNDING OF PUBLIC INTEREST PAYPHONES WILL BE ADDRESSED.
- WILL EMPOWER THE COMMISSION TO ESTABLISH CONSISTENT NATIONAL RULES FOR THE PAYPHONE INDUSTRY.

WHY THIS LEGISLATION IS IN THE PUBLIC INTEREST

BENEFITS	MAJOR PAYPHONE PROVISIONS OF HR1555				
	ESTABLISHES NONDISCRIMINATION AND NONSTRUCTURAL SAFEGUARDS	REMOVES PAYPHONE ELEMENT FROM CCL/ ESTABLISHES PER-CALL COMPENSATION	ALLOWS RBOCS TO SELECT INTERLATA CARRIER	ADDRESSES PUBLIC INTEREST PAYPHONES	EMPOWERS FCC TO ESTABLISH RULES TO SHAPE PAYPHONE INDUSTRY
PROMOTES AND ENHANCES COMPETITION	√	√	√	√	√
HAS BROAD INDUSTRY SUPPORT	√	√	√	√	√
BENEFITS CONSUMER	√	√	√	√	√
STRENGTHENING OF US JOBS	√	√	√	√	√
REDUCES PRICE GOUGING	√	√	√		√
REDUCES SLAMMING			√		√
BENEFITS LOCATION PROVIDER	√	√	√	√	
PROHIBITS RBOCS FROM DISCRIMINATING	√				√
CREATES A LEVEL PLAYING FIELD	√	√	√	√	√
ELIMINATES PAYPHONE SUBSIDIES	√	√			
CREATES EQUITABLE PER-CALL COMPENSATION		√		√	√
REDUCES ACCESS CHARGES		√			√
ADDRESSES EQUITABLE FUNDING OF PUBLIC INTEREST PAYPHONES				√	√
ESTABLISHES CONSISTENT NATIONAL RULES					√
RESOLVES CURRENT FCC PROCEEDINGS	√	√			√
REDUCES FUTURE NEED FOR REGULATORY ACTIVITIES BY CREATING MARKET DRIVEN LEVEL PLAYING FIELD	√	√	√	√	√

PAYPHONE ISSUES CURRENTLY UNDER FCC CONSIDERATION

COMPENSATION FOR ALL PAYPHONE CALLS.

- SINCE THERE ARE NO SUBSIDIES IN A MARKET BASED ENVIRONMENT, ALL CALLS SHOULD BE COMPENSATED FOR, EXCEPT 911 AND TRS.
- RBOCS SHOULD BE ALLOWED TO RECOVER COSTS FOR ALL CALLS THROUGH PER-CALL COMPENSATION.

DEREGULATION OF RBOC PAYPHONES.

- PER-CALL COMPENSATION IS NOT SUFFICIENT TO CREATE MARKET PARITY.
 - RBOCS MUST BE ABLE TO AGGREGATE AND RESELL LIKE INDEPENDENT PAYPHONE PROVIDERS (IPPS).
 - DEREGULATION OF RBOC PAYPHONES, INCLUDING INMATE SERVICE, SHOULD NOT OCCUR ABSENT THE ABILITY FOR THE RBOC TO NEGOTIATE WITH LOCATION PROVIDER TO SELECT INTERLATA CARRIER.
 - IN ADDITION, RBOCS MUST BE ALLOWED TO RECOVER COSTS THROUGH PER-CALL COMPENSATION.

NEED FOR COMPREHENSIVE PAYPHONE PROCEEDING.

BELLSOUTH AND PACIFIC BELL
ENCOURAGE THE FCC TO:

EXPAND DOCKET 91-35 TO INCLUDE RBOC PAYPHONES AND ALL PRODUCTS AND CALL TYPES, SUCH AS SUBSCRIBER 800 CALLS AND PREPAID CALLING CARD CALLS.

DISCONTINUE THE PAYPHONE ELEMENT OF THE CARRIER COMMON LINE CHARGE WHEN PER-CALL COMPENSATION IS GRANTED FOR RBOC PAYPHONES.

SERVE THE CONSUMER'S INTEREST BY ADOPTING A RATE CEILING APPROACH IN DOCKET 92-77 RATHER THAN BILLED PARTY PREFERENCE.

COMBINE THE PUBLIC TELEPHONE COUNCIL PETITION TO DEREGULATE RBOC PAYPHONES WITH RM 8181, DEREGULATION OF INMATE SERVICES, AND RULE ON THESE PETITIONS WHEN RBOCS RECEIVE THE SAME RIGHT AS IPPS TO SELECT THE INTERLATA CARRIER WITH THE LOCATION PROVIDER.

**BELLSOUTH AND PACIFIC BELL
FCC PAYPHONE EXPARTE
CURRENT FCC PROCEEDINGS**

DA 88 - 2055 Petition for Declaratory Ruling filed on 7/18/88 by the Public Telephone Council requesting that RBOC payphones be declared CPE and be unbundled from coin network services.

Declaring RBOC payphones CPE would remove the current contribution to payphone costs without allowing RBOCs the ability to recoup those costs from payphone services. **RBOC payphone service providers must have the same ability and opportunities as IPPs to recover costs before RBOC payphones are declared CPE:**

RBOC payphone service providers must be allowed to:

- 1) receive fair and equitable compensation for all calls completed (e.g., 10XXX, 950-XXXX, 1-800 Collect, 1-800 Call ATT, 1-800 subscriber, etc.), but this compensation alone will not be a sufficient cost recovery mechanism unless RBOC payphone service providers are also allowed,
- 2) the same right as independent payphone providers have today, to negotiate with the location provider on selecting and contracting with, the carriers that carry interLATA calls from their payphones. This will allow RBOCs to develop alternate revenue streams to offset costs.

These combined measures for all payphone service providers, allows all payphone service providers (RBOCs and Independent Payphone Providers) the ability to recoup costs in an environment that supports market parity.

A CPE declaration without both provisions stated above disadvantages RBOC payphone service providers in the market because:

- their costs will increase without sufficient revenue offsets
- no ability to participate in the lucrative revenue opportunities that IPPs enjoy today because they are prohibited from any type of interLATA. (See following page for revenue opportunity sources IPPs are allowed and RBOCs are not.)

Benefits for allowing equal opportunities to compete:

- alleviate slamming and rate gouging complaints
- provides for market parity and a "Level Playing Field" that promotes competition

**BELLSOUTH AND PACIFIC BELL
FCC PAYPHONE EXPARTE
CURRENT FCC PROCEEDINGS**

RM 8181 Petition for Declaratory Ruling filed on 2/2/93 by the Inmate Calling Services Providers Task Force that RBOC payphones and systems provided to correctional institutions be declared CPE and be provided on an unregulated basis.

The payphone market can not bifurcate between inmate services and general public services. Not following an all or nothing CPE declaration does not support market parity and instead creates market chaos.

Although inmate payphones are more restricted than general public payphones there should be no distinction between inmate payphones and general public payphones. RBOC inmate payphones should not be declared CPE until the same provisions as stated in DA 88-2055 are provided, such as:

- RBOC inmate services should not be declared CPE without the ability of the RBOC payphone service provider to negotiate with the location provider on selecting and contracting with the carriers that carry interLATA calls from their payphones.
- RBOC inmate services should not be declared CPE until compensation and cost recovery issues are resolved.

A CPE declaration for RBOC inmate payphones without both provisions stated above would place RBOC inmate payphone service providers at an unfair competitive disadvantage. This would ensure an **unlevel** playing field, because no other cost recovery mechanism exists for RBOCs to offset expenses currently recovered through switched access carrier common line.

As stated in DA 88-2055 a CPE declaration without both provisions stated above disadvantages RBOC payphone service providers in the market because:

- their costs will increase without sufficient revenue offsets
- no ability to participate in the lucrative revenue opportunities that IPPs enjoy today because they are prohibited from any type of interLATA. (See preceding page for revenue opportunity sources IPPs are allowed and RBOCs are not.)

**BELLSOUTH AND PACIFIC BELL
FCC PAYPHONE EXPARTE
CURRENT FCC PROCEEDINGS**

CC 91 - 35 On 9/8/95 the FCC released the Second Further Notice of proposed Rulemaking proposing to establish a system of per call compensation for access code calls originated from Independent Payphone Providers equipment.

The current proceeding only addresses compensation for Independent Payphone Providers (IPPs), but all payphone providers(RBOCs and IPPs) must have market parity and equitable compensation. A plan for dial around compensation should include all payphone providers (RBOCs and IPPs), because it is essential for any harmonious transition of RBOC payphones to CPE and the creation of market parity.

- A plan for equitable compensation for all payphone providers should include, but not be limited to, 10XXX, 1- 800 Collect, 1 - 800 Call ATT, 1 - 800 Subscriber, 500, 700, & 888 Service, and Debit cards.
- These types of calls represent a significant percentage of toll calls for all payphone providers. The figures filed in the IPPs exparte presented by Albert Kramer and Robert Aldrich of the law firm of Keck, Mahin & Cain and Vincent Sandusky, President of the American Public Communications Council on October 20, 1995, tracks very closely with RBOCs' calculations.
- These types of calls do not allow payphone providers to adequately recover their cost for services.
- A portion of RBOCs payphone cost are compensated through the payphone element of switched access carrier common line charge. This places undue costs on IECs for payphone services they may not use. A more equitable solution as per Southwestern Bell and Ameritech filings would be through a per call compensation mechanism. This change can either be brought about through legislation or RBOC filings and FCC action.
- If RBOCs are to continue in this industry this issue must be addressed soon, but in the context of the entire industry.

Benefits:

- Provides a regulatory framework and equitable compensation for all payphone providers that will last into the future.
- Results in an FCC thorough and comprehensive compensation plan for all calls.
- Ensures market parity through a level playing field.

**BELLSOUTH AND PACIFIC BELL
FCC PAYPHONE EXPARTE
CURRENT FCC PROCEEDINGS**

CC 92 - 77 On 5/8/92 the FCC released a Notice of Proposed Rulemaking on Billed Party Preference and on 6/6/94 a Further Notice of Proposed Rulemaking requesting updated data on the costs/ benefits of Billed Party Preference and comments on less costly alternatives to Billed Party Preference. On 3/7/95 BellSouth and other parties proposed a rate ceiling in lieu of Billed Party Preference. Pacific Bell supports BellSouth's proposal in concept.

This proceeding epitomizes our agenda for consumer protection against rate gouging.

The concept of Billed Party Preference (BPP) was proposed to eliminate consumer rate gouging for operator handled calls.

Rate Caps are benchmark ceiling levels set for operator handled calls.

- Rate Caps are a mechanism for consumer protection against rate gouging if appropriate ceilings are set with monitoring and enforcement capabilities also in place.
- Rate Caps have many public benefits. It ensures that consumers are charged just and reasonable rates, it can be implemented quickly and with relatively minimal expense, and it avoids the many technical and cost recovery problems associated with BPP.
- Billed Party Preference while good in theory is too costly to implement. Per the industry exparte filed by CompTel, (4) RBOCs, and APCC on March 8, 1995, "the direct LEC expenses are nearly \$1.7 billion. The additional costs to interexchange carriers and aggregators are measured in the hundreds of millions of dollars. Some studies estimates even higher costs."
- Billed Party Preference while good in theory is years away for implementation. Again per the industry exparte filed by CompTel, (4) RBOCs, and APCC on March 8, 1995, "BPP will take several years to implement. It would require massive database changes as well as modifications to the nationwide SS7 network. The LECs have uniformly agreed that this effort could not be completed for years."

Benefit:

- Reduces consumer gouging.
- Establishes standards for rates

**BELLSOUTH AND PACIFIC BELL
FCC PAYPHONE EXPARTE
CURRENT FCC PROCEEDINGS**

INTERSTATE REVENUE SOURCES

Revenue Source	BOC Payphone	IPP Payphone
1+ Interstate Usage	NO	YES
1+ Interstate Operator	NO (1)	YES
0+ / 0- Interstate Usage	NO	YES
0+ / 0- Interstate Operator	NO (1)	YES
0+ / 0- Interstate Surcharge	NO	YES
0+ / 0- International Usage	NO	YES
0+ / 0- International Operator	NO (1)	YES
Dial Around Compensation	NO (2)	YES
Interstate Access Charges	YES	NO

This chart displays the revenue opportunity disparity that exists today between RBOC payphones and IPPs, and points out that revenue compensation alone will not provide for market parity and a level playing field. Market parity and a level playing field can not be possible until the revenue source disparities shown above are addressed.

(1) A 1992 ruling by Judge Greene found that certain operator service functions could be performed by BOCs on behalf of an Interexchange Carrier (IEC) for interLATA calls. For such operator service functions to be viable there must be demonstrated market demand by the IEC for the service. By contrast, the IPPs may perform the operator service function without any agreement or affiliation with an IEC. To date no demand has been demonstrated by the IECs in the BellSouth or Pacific Bell region for BOC provided operator service functions, therefore BellSouth and Pacific Bell are precluded from these revenue sources since entry requires IEC demand.

(2) In Pacific Bell territory dial around compensation revenue is only available for Intrastate, IntraLATA calls.

H.R. 1555

1 *relay messages (other than telecommunications relay*
2 *services) from incoming telephone calls on behalf of*
3 *the telemessaging customers (other than any service*
4 *incidental to directory assistance).*

5 **"SEC. 274. PROVISION OF PAYPHONE SERVICE.**

6 **"(a) NONDISCRIMINATION SAFEGUARDS.—***After the ef-*
7 *fective date of the rules prescribed pursuant to subsection*
8 *(b), any Bell operating company that provides payphone*
9 *service—*

10 **"(1) shall not subsidize its payphone service di-**
11 *rectly or indirectly with revenue from its telephone*
12 *exchange service or its exchange access service; and*

13 **"(2) shall not prefer or discriminate in favor of**
14 *it payphone service.*

15 **"(b) REGULATIONS.—**

16 **"(1) CONTENTS OF REGULATIONS.—***In order to*
17 *promote competition among payphone service provid-*
18 *ers and promote the widespread deployment of*
19 *payphone services to the benefit of the general public,*
20 *within 9 months after the date of enactment of this*
21 *section, the Commission shall take all actions nec-*
22 *essary (including any reconsideration) to prescribe*
23 *regulations that—*

24 **"(A) establish a per call compensation plan**
25 *to ensure that all payphone services providers*

1 are fairly compensated for each and every com-
2 pleted intrastate and interstate call using their
3 payphone, except that emergency calls and tele-
4 communications relay service calls for hearing
5 disabled individuals shall not be subject to such
6 compensation;

7 “(B) discontinue the intrastate and inter-
8 state carrier access charge payphone service ele-
9 ments and payments in effect on the date of en-
10 actment of this section, and all intrastate and
11 interstate payphone subsidies from basic ex-
12 change and exchange access revenues, in favor of
13 a compensation plan as specified in subpara-
14 graph (A);

15 “(C) prescribe a set of nonstructural safe-
16 guards for Bell operating company payphone
17 service to implement the provisions of para-
18 graphs (1) and (2) of subsection (a), which safe-
19 guards shall, at a minimum, include the non-
20 structural safeguards equal to those adopted in
21 the Computer Inquiry-III CC Docket No. 90-623
22 proceeding; and

23 “(D) provide for Bell operating company
24 payphone service providers to have the same
25 right that independent payphone providers have

1 to negotiate with the location provider on select-
2 ing and contracting with, and, subject to the
3 terms of any agreement with the location pro-
4 vider, to select and contract with the carriers
5 that carry interLATA calls from their
6 payphones, and provide for all payphone service
7 providers to have the right to negotiate with the
8 location provider on selecting and contracting
9 with, and, subject to the terms of any agreement
10 with the location provider, to select and contract
11 with the carriers that carry intraLATA calls
12 from their payphones.

13 “(2) *PUBLIC INTEREST TELEPHONES.*—In the
14 rulemaking conducted pursuant to paragraph (1), the
15 Commission shall determine whether public interest
16 payphones, which are provided in the interest of pub-
17 lic health, safety, and welfare, in locations where
18 there would otherwise not be a payphone, should be
19 maintained, and if so, ensure that such public inter-
20 est payphones are supported fairly and equitably.

21 “(3) *EXISTING CONTRACTS.*—Nothing in this sec-
22 tion shall affect any existing contracts between loca-
23 tion providers and payphone service providers or
24 interLATA or intraLATA carriers that are in force
25 and effect as of the date of the enactment of this Act.

1 “(c) **STATE PREEMPTION.**—To the extent that any
 2 State requirements are inconsistent with the Commission’s
 3 regulations, the Commission’s regulations on such matters
 4 shall preempt State requirements.

5 “(d) **DEFINITION.**—As used in this section, the term
 6 ‘payphone service’ means the provision of public or semi-
 7 public pay telephones, the provision of inmate telephone
 8 service in correctional institutions, and any ancillary serv-
 9 ices.”.

10 **SEC. 103. FORBEARANCE FROM REGULATION.**

11 Part I of title II of the Act (as redesignated by section
 12 101(c) of this Act) is amended by inserting after section
 13 229 (47 U.S.C. 229) the following new section:

14 **“SEC. 230. FORBEARANCE FROM REGULATION.**

15 “(a) **AUTHORITY TO FORBEAR.**—The Commission
 16 shall forbear from applying any provision of this part or
 17 part II (other than sections 201, 202, 208, 243, and 248),
 18 or any regulation thereunder, to a common carrier or serv-
 19 ice, or class of carriers or services, in any or some of its
 20 or their geographic markets, if the Commission determines
 21 that—

22 “(1) enforcement of such provision or regulation
 23 is not necessary to ensure that the charges, practices,
 24 classifications, or regulations by, for, or in connection

S. 652

1 “(G) Consortia of health care providers
2 consisting of one or more entities described in
3 subparagraphs (A) through (F).

4 “(4) PUBLIC INSTITUTIONAL TELECOMMUNI-
5 CATIONS USER.—The term ‘public institutional tele-
6 communications user’ means an elementary or sec-
7 ondary school, a library, or a health care provider as
8 those terms are defined in this subsection.

9 “(e) TERMS AND CONDITIONS.—Telecommunications
10 services and network capacity provided under this section
11 may not be sold, resold, or otherwise transferred in consid-
12 eration for money or any other thing of value.

13 “(f) ELIGIBILITY OF COMMUNITY USERS.—No entity
14 listed in this section shall be entitled for preferential rates
15 or treatment as required by this section, if such entity op-
16 erates as a for-profit business, is a school as defined in
17 section 264(d)(1) with an endowment of more than
18 \$50,000,000, or is a library not eligible for participation
19 in State-based plans for Library Services and Construc-
20 tion Act Title III funds.”.

21 SEC. 311. PROVISION OF PAYPHONE SERVICE AND
22 TELEMESSAGING SERVICE.

23 Part II of title II (47 U.S.C. 251 et seq.), as added
24 by this Act, is amended by adding after section 264 the
25 following new section:

1 **"SEC. 265. PROVISION OF PAYPHONE SERVICE AND**
2 **TELEMESSAGING SERVICE.**

3 **"(a) NONDISCRIMINATION SAFEGUARDS.—**Any Bell
4 operating company that provides payphone service or
5 telemessaging service—

6 **"(1)** shall not subsidize its payphone service or
7 telemessaging service directly or indirectly with reve-
8 nue from its telephone exchange service or its ex-
9 change access service; and

10 **"(2)** shall not prefer or discriminate in favor of
11 its payphone service or telemessaging service.

12 **"(b) DEFINITIONS.—**As used in this section—

13 **"(1)** The term 'payphone service' means the
14 provision of telecommunications service through pub-
15 lic or semi-public pay telephones, and includes the
16 provision of service to inmates in correctional insti-
17 tutions.

18 **"(2)** The term 'telemessaging service' means
19 voice mail and voice storage and retrieval services,
20 any live operator services used to record, transcribe,
21 or relay messages (other than telecommunications
22 relay services), and any ancillary services offered in
23 combination with these services.

24 **"(c) REGULATIONS.—**Not later than 18 months after
25 the date of enactment of the Telecommunications Act of
26 1995, the Commission shall complete a rulemaking pro-

1 ceeding to prescribe regulations to carry out this section.
 2 In that rulemaking proceeding, the Commission shall de-
 3 termine whether, in order to enforce the requirements of
 4 this section, it is appropriate to require the Bell operating
 5 companies to provide payphone service or telemessaging
 6 service through a separate subsidiary that meets the re-
 7 quirements of section 252.”.

8 **SEC. 312. DIRECT BROADCAST SATELLITE.**

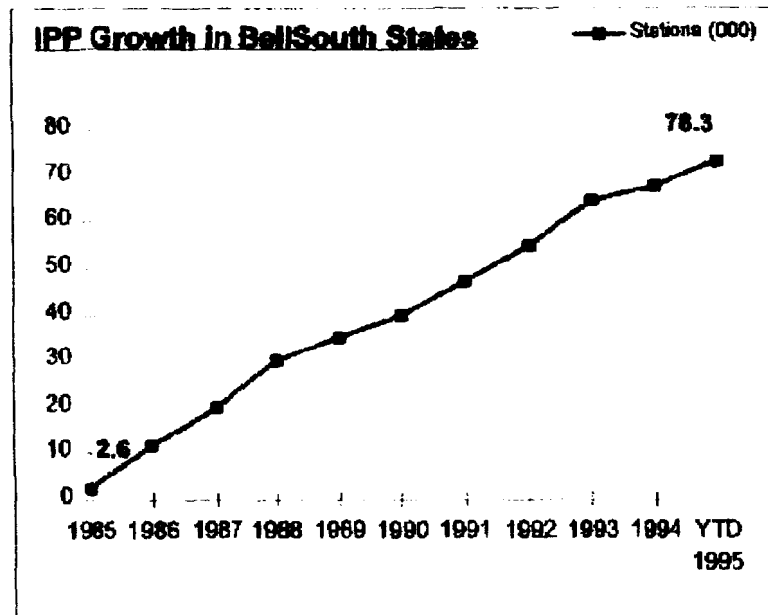
9 (a) **DBS SIGNAL SECURITY.**—Section 705(e)(4) (47
 10 U.S.C. 605(e)(4)) is amended by inserting “satellite deliv-
 11 ered video or audio programming intended for direct re-
 12 ceipt by subscribers in their residences or in their commer-
 13 cial or business premises,” after “programming,”.

14 (b) **FCC JURISDICTION OVER DIRECT-TO-HOME**
 15 **SATELLITE SERVICES.**—Section 303 (47 U.S.C. 303) is
 16 amended by adding at the end thereof the following new
 17 subsection:

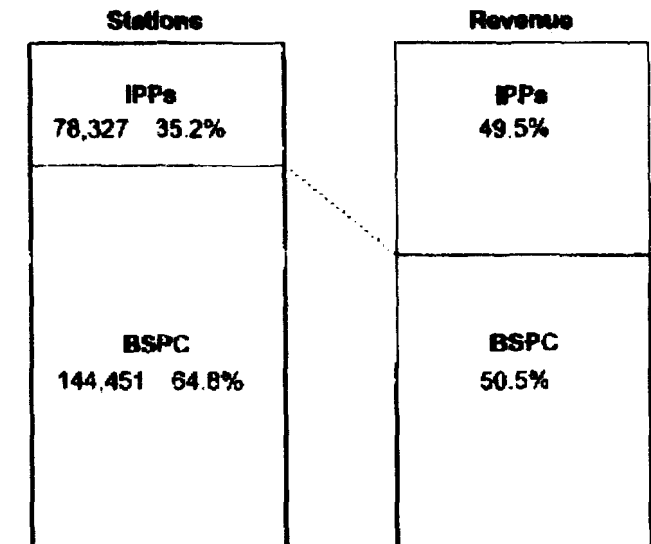
18 “(v) Have exclusive jurisdiction to regulate the provi-
 19 sion of direct-to-home satellite services. For purposes of
 20 this subsection, the term ‘direct-to-home satellite services’
 21 means the distribution or broadcasting of programming or
 22 services by satellite directly to the subscriber’s premises
 23 without the use of ground receiving or distribution equip-
 24 ment, except at the subscriber’s premises, or used in the
 25 initial uplink process to the direct-to-home satellite.”.

Within BellSouth territory (in the 9 states of AL, FL, GA, KY, LA, MS, NC, SC, TN), independent payphone providers (IPPs) have taken a 49.5 percent revenue market share by focusing on high revenue stations. It is misleading for interexchange carriers to suggest that the RBOCS have monopoly control of the payphone market. In fact, MCI, AT&T, Sprint, and LDDS Worldcomm all have active successful competitive business units. South Carolina has over 1,100 PSC-certified payphone providers, the highest amount of any state in the Southeast.

If accepted intact by the Senate - House conference committee, the House payphone amendment, which is supported by the entire payphone industry, would further strengthen competition and yield strong benefits for consumers, such as reduction of gouging and slamming, and more widespread deployment of payphones. It would create jobs, streamline regulation and produce access charge savings for carriers of several hundred million dollars per year. The amendment also would establish equitable compensation from carriers for payphone service providers whose stations are used to complete toll-free calls such as 1-800-COLLECT.



**BellSouth 9 State Region:
Estimated June 1995 Market Shares**



Base of 222,778 public stations, per RBOC reports to FCC as of June 30, 1995.
Produced by BellSouth Public Communications ("BSPC"), 11-10-95.